



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

CORPORATE

August 27, 2004

Dear Customers and Interested Parties:

Over the course of the past several months, the Bonneville Power Administration (BPA) and representatives of publicly owned utilities have been engaged in discussions regarding transmission services acquired by BPA over facilities owned and operated by third party transmission providers. These services, commonly referred to as General Transfer Agreement (GTA) services, have enabled BPA to deliver federal power to BPA power customers not directly connected to the Federal Columbia River Transmission System (FCRTS) or to those portions of the FCRTS that are non-contiguous. BPA has traditionally contracted with intervening transmission owners to deliver federal power to those customers.

The discussions addressed the following issues and concerns:

- BPA's continuing role in acquiring and managing GTA services
- Treatment of costs incurred by BPA in securing GTA services, both current and prospective
- Limitations on BPA's commitment and obligation to acquire GTA services
- Establishing the principle of treating certain charges incurred for service to GTA-served customers comparable to similar charges assessed to directly served customers

The discussions have resulted in a proposed contract that would be offered to all BPA power customers that depend on GTA service. The agreement would provide long-term clarity regarding roles and responsibilities between BPA and its GTA-served customers, help guide the development of BPA rate proposals, and address risks associated with long-term transmission obligations to third parties that BPA may enter into for the benefit of GTA-served customers. The agreement also identifies important unresolved issues that will be addressed in a separate dialogue with customers to clarify additional responsibilities of BPA and customers.

Approximately 80 BPA power customers are served, in whole or in part, through the use of GTA services. BPA has relied extensively on third-party transmission owners for delivery of federal power for over 50 years. GTA service has been an economical and practical alternative to federally constructed transmission facilities to deliver federal power to customers' service areas. The cost of this service has been approximately \$50,000,000 annually in recent years. This expense, while not insignificant, has been borne by BPA and rolled into rates. The agreement, as

proposed, would seek to maintain and memorialize over its term this basic relationship between BPA and its power customers.

BPA is seeking public comment on the proposed agreement. Please submit your written comments by close of business September 30, 2004 to BPA's comment website at: [www.bpa.gov/comment](http://www.bpa.gov/comment). At this site, you will find the hotlink to the proposed agreement.

You may also mail your comments to:  
Bonneville Power Administration  
Attn: Communications - DM-7  
P.O. Box 14428  
Portland, OR 97293-4428

Or you may fax comments to BPA at 503-230-3285.

Although no public meetings are planned, if you are interested in meeting with BPA Industry Restructuring staff and/or your Account Executive (AE) or Constituent AE, please contact your AE or Tara Exe of my staff at 503-230-4169 to schedule a meeting.

After BPA has considered comments received and incorporated changes to the proposed agreement as appropriate, it plans to offer the agreement to its transfer customers.

Sincerely,

Allen Burns  
Executive Vice President for Industry Restructuring  
Bonneville Power Administration